



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 September 24, 2013

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Los Angeles County  
Board of Supervisors

September 10, 2013

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First District

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Second District

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Fifth District

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO EXISTING EQUIPMENT MAINTENANCE  
AND REPAIR SERVICES AGREEMENT WITH TRANSLOGIC  
CORPORATION, DBA SWISSLOG HEALTH SOLUTIONS  
(FIRST SUPERVISORIAL DISTRICT)  
(3 VOTES)**

Mitchell H. Katz, M.D.  
Director

Hal F. Yee, Jr., M.D., Ph.D.  
Chief Medical Officer

Christina Ghaly, M.D.  
Deputy Director, Strategic Planning

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To ensure access to high-quality,  
patient-centered, cost-effective health  
care to Los Angeles County residents  
through direct services at DHS facilities  
and through collaboration with  
community and university partners.

## **SUBJECT**

Approval of an Amendment to the existing Agreement with Translogic Corporation, dba Swisslog Health Solutions for equipment maintenance and repair services at LAC+USC Medical Center for the Automated Guided Vehicle System that transports linens and trash at that facility.

## **IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 1 to Agreement H-704541 with Translogic Corporation, dba Swisslog Health Solutions (Swisslog), effective upon Board approval, to extend the term of the Agreement for the period of October 1, 2013 through September 30, 2018, for the continued provision of equipment maintenance and repair services for the Automated Guided Vehicle System (AGVS) at LAC+USC Medical Center (LAC+USC MC), with an annual cost of \$152, 000 and a five-year maximum obligation of \$760,000 through September 30, 2018.
2. Delegate authority to the Director, or his designee, to amend the Agreement to increase the total maximum obligation by no more than 10 percent above the annual maximum obligation of the first contract year of the extended term



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for a potential increase of \$15,200 annually to authorize and pay for repairs/parts, or maintenance of equipment that is excluded under the Agreement's basic maintenance services.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the first recommendation will allow the Director, or his designee, to execute an Amendment, substantially similar to Exhibit I, to provide equipment maintenance and support services for the AGVS at LAC+USC MC. The AGVS is an unmanned laser-guided delivery system that navigates a course of 1.25 miles in LAC+USC MC's eight-story Inpatient Tower building and five-story Diagnostic and Treatment building. The delivery system transports linens (sheets, blankets, towels, and patient gowns) to the patient treatment areas (inpatient wards, intensive care units and clinics), and picks up trash in the patient treatment areas and delivers it to the loading dock for disposal.

The AGVS was initially purchased and installed at LAC+USC MC as part of the capital construction project of the new facility that opened in October 2008. Swisslog designs, manufactures and maintains the AGVS. It is a proprietary system unique to Swisslog. The equipment consists of transportation cars and carts, charging stations and dispatch terminals. Rather than using embedded wire, tape or chemically applied guide paths to the flooring or walls, the system uses laser technology which enables the equipment to self-navigate through a predetermined course and interface with elevators and automatic doors. The AVGS operates with over 600 pieces of equipment and 25 transportation cars which use the laser technology to navigate to and from over 200 pick-up and delivery sites at LAC+USC MC. Pursuant to the Agreement, Swisslog provides service engineers to be on site two days a week, eight hours a day to perform the preventive maintenance work on the AGVS and repair/replace parts as necessary. The Contractor has agreed to not increase its current rates in exchange for the five-year extension period.

Approval of the second recommendation will allow the Director, or his designee, to increase the maximum obligation of the above Agreement up to 10 percent of the annual agreement maximum of the first contract year of the extension, if necessary, to authorize and pay for repair/parts or maintenance services for equipment that is excluded under the Agreement's basic maintenance services. LAC+USC MC will only request parts or services if additional services are needed and funding is available in the facility's budget.

### **Implementation of Strategic Plan Goals**

The recommended actions support Goal 1, Operational Effectiveness, and Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The annual maximum cost is \$152,000 with a total five-year maximum obligation of \$760,000. The total five-year potential increase under the 10 percent delegated authority is \$76,000 and would be funded using existing resources.

Funding is included in Department of Health Services' (DHS) Fiscal Year 2013-14 Board Adopted Budget and will be requested in future fiscal years as necessary.

## **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

When the AGVS came off the original purchase warranty, the Board approved an Agreement with Swisslog on October 19, 2010 for the provision of maintenance and repair services for the period October 19, 2010 through September 30, 2013. A world leader in logistics automation, Swisslog designs and manufactures a variety of automated logistic solutions and has installations in over 3,000 hospitals throughout the world. Swisslog is the Original Equipment Manufacturer (OEM) of the AGVS and uses proprietary equipment, replacement parts and batteries, as well as in-house developed proprietary laser navigation technology. Accordingly, no other source exists for the provision of these parts and services. Further, the AGVS is specifically designed for the hospital environment, where sterility and highly sensitive transport of goods must be taken into consideration. The Swisslog technicians that provide the part-time on-site preventive maintenance and repair services are specifically trained with the AGVS and other firms are not able to provide technicians as well as OEM parts to complete repairs because of the proprietary nature of the Swisslog system.

This Agreement is not subject to Proposition A as these are part-time services. As such, the Living Wage Program (Los Angeles County Code Chapter 2.201) does not apply.

County Counsel has reviewed and approved Exhibit I as to form.

## **CONTRACTING PROCESS**

Swisslog is the OEM and, as such, it maintains strict control over its equipment. Its system is proprietary and, therefore, is not able to be serviced and maintained by another provider. As such, DHS has determined that it is in its best interest and is more feasible to extend the Swisslog Agreement for five years at the current rates than conduct a rebid for a new AGVS. The expected remaining life expectancy of the current AGVS equipment and transportation cars is within that time period. In addition, replacing the current amount of equipment at LAC+USC MC would require additional DHS staff resources to implement a new system and that effort is not feasible given the other priorities of the facility at this time.

## **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will allow DHS to obtain ongoing equipment maintenance and repair services for facility operations at LAC+USC MC.

The Honorable Board of Supervisors

9/10/2013

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Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:jc

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

**EQUIPMENT MAINTENANCE AND SUPPORT SERVICES AGREEMENT**  
**AMENDMENT NO. 1**

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2013.

By and between

COUNTY OF LOS ANGELES  
(hereafter "County")

And

TRANSLOGIC CORPORATION, DBA  
SWISSLOG HEALTH SOLUTIONS  
(hereafter "Contractor").

Business Address:  
10825 E. 47<sup>th</sup> Avenue  
Denver, CO 80239-7819

WHEREAS, reference is made to that certain document entitled, "EQUIPMENT MAINTENANCE AND SUPPORT SERVICES AGREEMENT", dated October 10, 2010, and further identified as County Agreement No. H-704541 thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term and make other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance with Paragraph 8.1, AMENDMENTS, may be made in the form of a written amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall commence and become effective upon Board approval.
2. Paragraph 4.0, Term of Agreement, Subparagraph 4.1, shall be deleted in its entirety and replaced as follows:

“4.0. TERM OF AGREEMENT

4.1 The term of this Agreement shall commence on October 10, 2010, and shall continue in full force and effect to midnight September 30, 2018, unless sooner canceled or terminated as provided herein. The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise an Agreement term extension option.”

3. Agreement, Paragraph 5.0, Annual Cost, Billing and Payment, Subparagraph 5.2, shall be deleted in their entirety and replaced as follows:

"5.2. Maximum Obligation of County

5.2.1 Between October 10, 2010 through September 30, 2013 the maximum obligation of County for all services provided hereunder shall not exceed Four Hundred Twenty-One Thousand, Fifty-Seven Dollars (\$421,057).

5.2.2 Between October 1, 2013 through September 30, 2018, the maximum annual obligation of County for all services provided hereunder shall not exceed One Hundred Fifty Two Thousand Dollars (\$152,000) and with maximum obligation of Seven Hundred Sixty Thousand Dollars (\$760,000) for the five year period.

5.2.3 During the term of this Agreement, the Director, or his designee, may amend this Agreement if additional maintenance and repair services and professional services are needed, and may adjust the maximum annual obligation by no more than Fifteen Thousand, Two Hundred Dollars (\$15,200) annually. In order to effectuate such a change a written amendment to the Agreement, which is formally approved by the parties, must be executed.”

4. Agreement, Paragraph 8.29, General Provisions for All Insurance Coverage, Subparagraph 8.29.1, Evidence of Coverage and Notice to County, 2<sup>nd</sup> bullet point, shall be deleted in its entirety and replaced as follows:

- “▪ Contractor shall provide County with, or Contractor’s insurance policies shall contain a provision that County shall receive, written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure



IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by its Director of Health Services, and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Mitchell H. Katz, M.D.  
Director of Health Services

TRANSLOGIC CORPORATION, DBA SWISSLOG  
HEALTH SOLUTIONS  
Contractor

\_\_\_\_\_  
Signature

By \_\_\_\_\_  
Printed Name

Title \_\_\_\_\_

APPROVED AS TO FORM:  
OFFICE OF THE COUNTY COUNSEL



Translogic Corporation dba Swisslog Health Solutions  
for Automated Guided Vehicle System at LAC+USC Medical Center  
Pricing Schedule, Cost of Out-of-Scope Services and Equipment List  
Effective October 1, 2013 through September 30, 2018

Pricing Schedule

SERVICE LEVEL	ANNUAL COST	MONTHLY CHARGE
Onsite, two days per week, eight hours per day, 52 weeks per year <sup>1)</sup>	\$132,000 <sup>2)</sup>	\$11,000
Reserve Funds <sup>3)</sup>	\$20,000	
TOTAL	\$152,000	

- 1) Days to be determined by LAC+USC and Contractor.
- 2) Includes \$50,000 per contract year in replacement parts and batteries from normal wear and tear. Parts exceeding \$50,000 in any contract year billed at Contractor prevailing rates less 20% discount, if invoice payment is current. Prompt payment discount is defined as within thirty (30) days of invoice receipt.
- 3) Reserve Funds for out-of-scope services and part and battery costs exceeding \$50,000 per contract year.